

## EXHIBIT 85

PURDUE PHARMA L.P. and ASSOCIATED US COMPANIES  
Stamford  
STANDARD OPERATING PROCEDURE

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SOP NUM.:	
TITLE:	Fee for Service Quarterly Credit Process
EFFECTIVE DATE:	10/01/2012
VERSION NUM.:	1
SUPERSEDES DOC. NUM.:	NA

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**APPROVALS**

*Name / Title / Department:* Stephen Seid / Executive Director / National Accounts

*Signature / Date:*  
\_\_\_\_\_

*Name / Title / Department:* Eric Bostrup / Executive Director / Finance

*Signature / Date:*  
\_\_\_\_\_

*Name / Title / Department:*

*Signature / Date:*  
\_\_\_\_\_

*Name / Title / Department:*

*Signature / Date:*  
\_\_\_\_\_

## 1. PURPOSE

The purpose of this SOP is to document the quarterly Fee for Service (FFS) credit process.

## 2. SCOPE

FFS is one of the reductions from gross sales (GL accounts 406050 & 407000) to record net sales in the income statement. The FFS expense is based on the Distribution Performance Agreements (DPA) and the related credits calculated and discussed herein.

Approximately 97% of total Purdue sales (direct and indirect sales as reported in report 7 of the sales report gallery) are made to wholesalers. Approximately 99% of wholesaler sales are made to wholesalers who have DPAs with Purdue. DPAs stipulate that Purdue issue quarterly credit memos (within 60 calendar days from quarter end) in exchange for wholesalers' adherence to contract terms including but not limited to; purchasing 100% of products exclusively from Purdue (or authorized agent), selling Purdue products to customers, maintaining low purchase variability, maintaining certain inventory levels, and providing channel data services.

Contracts have an approximate 3 year term from effective dates (See Annex A for list of wholesalers and contract terms) and are saved in the finance share drive found under the following P drive address:

P:\Finance\Share\SalesData\FeeForService\Agreements\Agreements.

**Note:** that the Scope section herein is only a summary of contract terms and conditions and as such should not be used as the complete resource in understanding or processing FFS credits. Make sure to read the DPAs in full to get a complete understanding of the agreements.

As seen in the box below, the DPA credit is calculated by multiplying Purdue reported Gross Sales times the Basis Points Earned % and then subtracting Excess Inventory Appreciation, Data Reporting Reduction and Unauthorized Deductions:

<b><u>DPA Credit Calculation</u></b>	
<b>Multiplied by:</b>	(a) Purdue Gross Sales
<b>Equals:</b>	(b) <u>Basis Points Earned %</u> Gross Payment Base
<b>Less:</b>	(c) <u>Excess Inventory Appreciation</u>
<b>Equals:</b>	Adjusted Payment Base
<b>Less:</b>	(d) Data Reporting Reduction
<b>Less:</b>	(e) <u>Unauthorized Deductions</u>
<b>Equals:</b>	DPA Credit

- (a) The Purdue Gross Sales amount is equal to Purdue reported (GAAP) gross sales. Wholesalers' sales information is maintained in Purdue's Enterprise system SAP. Credit calculation and steps are discussed in the Procedure section 6 herein.

- (b) Basis Points are earned by wholesalers' ability to adhere to 4 metrics; Raw Service Level Unit Fill Rate, Effective Inventory Level, Purchase Variability and EDI 852 & EDI 867 Data Reconciliation. See the Definition Section 3 herein for further metric information. See the wholesaler DPAs for metric calculations. Depending on the wholesaler customer, maximum Basis Points Earned Percentages range from 1.55% to 2.1% (See Annex A for Basis Points Earned % by wholesale customer). Wholesalers can earn the maximum credit percentage of gross sales if all 4 metrics are met. The Basis Points Earned % is reduced accordingly when wholesalers do not meet the metrics.

Wholesalers upload and maintain contract specified data (See Exhibit C in any DPA contract for specified data) in ValueTrak on a daily basis. The National Accounts group utilizes the data held in ValueTrak and creates excel based distributor scorecards (See Annex D for example) to measure whether or not wholesalers meet the 4 metrics. ValueTrak is an industry-standard platform for on-demand data management and performance analytics for pharmaceutical companies including Manufacturers, Distributors, and Retail Pharmacies. Steve Projansky, National Accounts group Asc. Dir. Channel Operations, is the ValueTrak administrator and provides platform access. S&P Finance is responsible for reviewing quarterly scorecards which is discussed further in the Procedure section 6 herein.

- (c) The Excess Inventory Appreciation deduction helps prevent excess product stocking preceding a WAC price increase. Purdue issues price increases on certain products each year. Price increase announcements are saved at the following P drive address: 'P:\Finance\Share\SalesData\PRICING\2012' (see Annex F for an example).

After calculating the Gross Payment Base above, S&P Finance subtracts the Excess Inventory Appreciation to calculate the Adjusted Payment Base. Excess Inventory Appreciation is measured as of the effective date that Purdue has a WAC price increase. The Excess Inventory Appreciation is equal to the result of:

(WAC price increase of any product) x (Effective Inventory that exceeds the result of wholesaler's average 30 days daily sales to customers immediately preceding the WAC price increase by 23 days).

For example, if a wholesaler has 40 days of average daily sales during the 30 days period preceding the price increase, the Excess Inventory Appreciation is equal to 17 days of Effective Inventory times the WAC price increase. The number of Effective Inventory Level days varies by wholesaler as seen in Annex A.

- (d) After calculating the Adjusted Payment Base above, S&P Finance discusses with the National Accounts group whether or not a Data Reporting Reduction is necessary. In the event National Accounts identifies more than 3 occurrences during a quarter or greater than 5 activity days during a quarter in which wholesalers' EDI data submissions fail the data reporting requirements (see Data Reporting Requirements of each contract for specific details), Purdue can take the Data Reporting Reduction by reducing the Gross Payment Base by 10%.
- (e) Unauthorized Deductions (if any) are subtracted from the Adjusted Payment Base. Unauthorized Deductions is a blanket provision that represents any deduction taken by

wholesalers that is not explicitly allowed in Authorized Distributor Agreements (ADA) (See Definition section 3 for further ADA details). For example, if a dispute is not resolved within 30 days, Purdue will allow the wholesaler to take a deduction, but may deduct the credit in the future as an Unauthorized Deduction upon a resolution of the claim favorable to Purdue.

Fee for Service credit processing undergoes a comprehensive and detailed review by Finance, National Accounts and Marketing groups. See the below for a step by step processing narrative of the credits, key definitions, risks identified, key internal controls and other information.

### 3. DEFINITIONS

**3.1. Authorized Distributor Agreement (ADA):** Purdue has an ADA with each wholesaler customer authorizing the wholesaler to purchase products from Purdue, sell and distribute product to certain territories, provide other distribution and warehousing functions and to perform other services

ADAs are saved in the finance share drive found under the following P drive address:  
P:\Finance\Share\SalesData\FeeForService\Agreements\Agreements.

**3.2. Calendar Quarter:** The consecutive three calendar months commencing on January 1st, April 1st, July 1st and October 1st

**3.3. Customer:** Purchaser of product from wholesalers

**3.4. EDI 852 & EDI 867 Data Reconciliation Metric:** One of the 4 metrics used to calculate Basis Points Earned %. This metric measures the accuracy and consistency of 852 (inventory) and 867 (sales) data reports. See wholesaler DPAs for the metric calculation.

**3.5. Effective Inventory:** The sum of product quantities under any of the following categories:

**3.5.1.** On hand

**3.5.2.** Committed for sale to wholesaler's customers

**3.5.3.** On order with Purdue, including in transit to wholesaler

**3.5.4.** Held by wholesaler for events, plans and shows

**3.6. Effective Inventory Level Metric:** One of the 4 metrics used to calculate Basis Points Earned %. This metric calculates the effective days of inventory on hand for each Product Family for each of the 30 calendar days preceding the end of a calendar quarter. The metric is in place to incentivize wholesalers to maintain Effective Inventory stock levels in accordance with contract targets. See wholesaler DPAs for the metric calculation. Note that new product NDC launched by Purdue will

be included in the metric beginning on the first day of the 7<sup>th</sup> calendar month following the first shipment of product to Purdue's direct purchasing customer.

- 3.7. Excess Inventory Appreciation:** The Excess Inventory Appreciation section is to prevent excess product stocking preceding a WAC price increase. The Excess Inventory Appreciation is equal to the result of multiplying the WAC price increase of any product times the Effective Inventory which exceeds the result of multiplying the wholesaler's average daily sales to customers over 30 days immediately preceding the WAC price increase by 23. The number of Effective Inventory Level days varies by wholesale customer as seen in Annex A. See section 6 below for the steps to perform this calculation.

Adjustments in this area need to be reported to Andrea Boyatzi, Manager Finance.

Note that prior to signing new FFS Agreements in 2012, it was the practice to "clawback" the entire value that Wholesalers gained as a result of a price increase.

- 3.8. Purchase Variability Metric:** One of the 4 metrics used to calculate Basis Points Earned %. This metric measures the variance of each week's purchases from the average of the previous six weeks' purchases in order to incentivize wholesalers to manage their purchases effectively and prevent erratic purchasing. See wholesaler DPAs for the metric calculation. Note that new product NDCs launched by Purdue will be excluded from the metric through the 32nd week following the first shipment of product to Purdue's direct purchasing customer.
- 3.9. Raw Service Level Unit Fill Rate Metric:** One of the 4 metrics used to calculate Basis Points Earned %. This metric measures the percentage of customer orders filled by wholesalers. The metric is in place to help prevent lost sales as a result of wholesalers running out of stock. See wholesaler DPAs for the metric calculation. Note that new product NDCs launched by Purdue will be included in the metric beginning on the 91st calendar day following the first shipment of product to Purdue's direct purchasing customer.
- 3.10. Unauthorized Deduction:** Any reduction taken by wholesalers that is not expressly permitted under the Authorized Distributor Agreement.
- 3.11. ValueTrak:** As stipulated by DPAs, Wholesalers provide data to Purdue via this industry-standard platform in order for Purdue to evaluate service levels and calculate the Fee for Service. Steve Projansky, National Accounts group Asc. Dir. Channel Operations, is the ValueTrak administrator and can provide platform access and further details.

- 3.12. Wholesale Acquisition Cost (WAC):** The product cost communicated to wholesalers by Purdue excluding prompt pay, stocking or distribution allowances, other discounts, rebates or chargebacks.

#### **4. RESPONSIBILITY AND ROLES**

- 4.1.** The National Accounts group (Steve Projansky, Asc. Dir. Channel Operations, and Steve Seid, Ex. Dir. Nat'l Accounts) is responsible for managing and providing wholesaler scorecards to the S&P Finance Sr. Manager.
- 4.2.** The S&P Finance Senior Manager is responsible to perform the quarterly Fee for Service credit calculations, produce a summary package and obtain required approvals from National Accounts (Steve Seid, Ex. Dir. Nat'l Accounts), Sales (Russ Gasdia, VP S&M) and Finance (Eric Bostrup, Ex. Dir. Finance and Ed Mahony, Ex. VP. CFO).
- 4.3.** After section 4.2 approvals are obtained, the S&P Finance Senior Manager provides the completed credit package to Customer Service (Laura Watson, Asc. Dir. Customer Service) and Credit Services (Dan Colucci, Dir. Credit Services) departments for credit processing. See Annex E for an example of a completed credit memo package.

#### **5. GENERAL**

- 5.1.** NA

#### **6. PROCEDURE**

- 6.1.** Each quarter, the S&P Finance Sr. Manager prepares a FFS credit package for review approval and credit issuance.
- 6.2.** The steps below enter gross sales data into the FFS credit calculation file and update calculation tables. Gross Sales are generated from SAP for each wholesaler (see Annex – B).
- 6.2.1.** Copy the data generated from SAP into the “Data” tab in working file “YYYY QN Credit.xlsx” – where YYYY is the year and N is the quarter number. You can find the files under the following location:  
P:\Finance\Share\SalesData\Fee For Service\Credits Issued
- 6.2.2.** Update Pivot tables linked to the “Data” tab in “FFS Pivot”, “Summary by Customer” and “Steve Pivot” tabs.
- 6.3.** The steps below calculate Excess Inventory Appreciation. Run the following reports from ValueTrak for data used to calculate Excess Inventory Appreciation (Price Increase – PI) adjustments.

- 6.3.1. Run the report, "Sales & Inventory" as seen in Annex C – copy the data into tab "ValueTrack Sales &Inv \$s" found in the working file mentioned in step 6.2.1. Make sure to copy data only from columns A to V and do NOT copy column headings into the file as this will disrupt the pivot tables discussed below.
  - 6.3.2. Run the report, "Inventory Revaluation" as seen in Annex C to identify "Committed Quantity". Copy the data into "Value Track COMMITTED Qty" tab of the working file discussed in step 6.2.1. Copy the data only from columns A to R.
  - 6.3.3. Enter Committed Quantity (column P) from "Value Track COMMITTED Qty" tab into (column W) of "Value Track Sales &Inv \$s" tab
  - 6.3.4. Update formulas in columns Y to AD of "Value Track Sales &Inv \$s" tab
  - 6.3.5. Update "PI Details" tab with price changes occurring in the last Quarter.
  - 6.3.6. Refresh Pivot in "PI Pivot" tab
  - 6.3.7. Copy Excess Inventory Appreciation amounts of each wholesaler calculated in the above steps into columns starting from column J of preliminary credit tab "2012Q3 Score card sent to CS".
- 6.4. In the first week after the end of each quarter, S&P Finance Sr. Manager provides gross sales data to Steve Projansky, Asc. Dir. Channel Operations, who downloads data from ValueTrak and creates draft Scorecards. The scorecards are reviewed by Steve Seid, Ex. Dir. Nat'l Accounts, and then sent to the S&P Finance Sr. Manager (See Annex – D)
- 6.5. S&P Finance Sr. Manager reviews draft scorecards for sales accuracy, formula accuracy and amount reasonableness. S&P Finance Sr. Manager discusses and resolves any issues with Steve Projansky, Asc. Dir. Channel Operations.
- 6.6. Steve Projansky, Asc. Dir. Channel Operations and Steve Seid, Ex. Dir. Nat'l Accounts, review scorecards and make any further adjustments if necessary. The finalized scorecards are then returned to S&P Finance Sr. Manager who again reviews for sales accuracy, formula accuracy and amount reasonableness.
- 6.7. The steps below incorporate wholesalers' scorecard Basis Points Earned % into the FFS credit calculation.
  - 6.7.1. Open the working file discussed in step 6.2 and update "Actual Rate per Scorecards" column in the "Contract Summary" tab with achieved FFS scorecard rates from individual scorecards received from Steve Projansky, Asc. Dir. Channel Operations.
  - 6.7.2. Refresh Pivots in tabs, "FFS Pivot ", "2012Q3 Score card sent to CS" and "Summary by Customer".



**6.8. The steps below update Credit Memo Package file**

**6.8.1.** File name: “YYYY QN Credit Memo Package.xlsx” – where YYYY is the year and N is the quarter number. You can find the files under the following location: P:\Finance\Share\SalesData\Fee For Service\Credits Issued

**6.8.2.** Copy data (or entire tab) from ““2012Q3 Score card sent to CS”” into Credit Memo Package file

**6.8.3.** Update worksheets – “Contract Summary”, “Sales by Qtr”, “FFS payment by Qtr”, “FFS rate” and attach each wholesaler scorecard summary page.

**6.8.4.** Check all totals are accurate and details matches between worksheets.

**6.8.5.** Create Credit Package Cover Memo (sample attached in Annex –E)

**6.9.** S&P Finance Sr. Manager reviews the quarterly credit package with Eric Bostrup, Ex. Dir. Finance, Steve Projansky, Asc. Dir. Channel Operations, and Steve Seid, Ex. Dir. Nat’l Accounts.

**6.10.** S&P Finance Sr. Manager circulates quarterly package for appropriate approvals based on Purdue’s signing authority limits. (Completed package sample attached in Annex –E)

**6.11.** S&P Finance Sr. Manager sends the fully signed off and approved package to Dan Colucci, Dir. Credit Services and Laura Watson, Asc. Dir. Customer Service, for processing of credits and SAP order entry.

**6.12.** The Credit department then sends credit memo details and copy of the FFS scorecard to each wholesaler.

**7. RISK FACTORS**

**7.1.** Fee for Services expense credits are not recorded accurately in customer accounts.

**7.2.** ValueTrak data is inaccurate

**7.3.** Credit Memo Package excel formulas are inaccurate

**7.4.** Gross sales used in the FFS scorecards are inaccurate

**8. KEY INTERNAL CONTROLS**

**8.1.** Steve Seid, Ex. Dir. Nat’l Accounts, and the S&P Finance Sr. Manager review scorecard formulas for accuracy.

- 8.2. FFS wholesale customer gross sales as reported in the FFS scorecards are reconciled to total gross sales as reported by Purdue in the Credit Memo Package
- 8.3. Fee for Services credit package is reviewed for appropriateness by Steve Projansky, Asc. Dir. Channel Operations, Steve Seid, Ex. Dir. Nat'l Accounts, Eric Bostrup, Ex. Dir. Finance, Russ Gasdia, VP S&M and Ed Mahony, CFO
- 8.4. After the Fee for Service credit package has been fully approved, the package is sent to Dan Colucci, Dir. Credit Services and Laura Watson, Asc. Dir. Customer Service, for internal processing. The credit processing follows the department processing controls.
- 8.5. Steve Projansky, Asc. Dir. Channel Operations, and Steve Seid, Ex. Dir. Nat'l Accounts discuss any scorecard discrepancies with wholesalers when wholesalers appeal scorecard calculations.

## 9. REFERENCES

- 9.1. File Name: "2012 Q3 Credit Memo Package".xlsx and "2012 Q3 Credit.xlsx"
- 9.2. File Location: Quarterly files are saved in shared network location: "P:\Finance\Share\SalesData\Fee For Service\Credits Issued" – under specific year and quarter folders.
- 9.3. Contact Helpdesk Center for SAP access
- 9.4. Contact National Accounts for ValueTrak access

## 10. CHANGE HISTORY

Version	Section	Change
V1	Complete Document	Initial Document

## 11. ATTACHMENTS

Annex - A	Wholesalers under FFS agreements
Annex - B	Sample SAP report
Annex - C	Sample ValueTrak reports
Annex - D	Sample Score card
Annex - E	Credit Memo Package
Annex - F	Product Price Increase Memo

**ANNEX - A****WHOLESALEERS UNDER FFS AGREEMENTS**

<b>Wholesaler</b>	<b>Status</b>	<b>Effective Date</b>	<b>Ending Date</b>	<b>Sales Basis</b>	<b>Fee</b>	<b>Effective Inventory Level Days</b>
Cardinal	Terms Agreed	8/1/2012	6/30/2015	Gross - Gross	2.10%	36
McKesson	Terms Agreed	7/1/2012	6/30/2015	Gross - Gross	2.03%	26
ABC	Negotiating	7/1/2012	6/30/2015	Gross - Gross	1.95%	16
Anda	Signed	7/1/2012	6/30/2015	Gross - Gross	1.55%	23
Burlington	Signed	7/1/2012	6/30/2015	Gross - Gross	1.55%	23
Capital	Signed	7/1/2012	6/30/2015	Gross - Gross	1.55%	23
Cesar Castillo	Signed	7/1/2012	6/30/2015	Gross - Gross	1.55%	23
DIK Drug	Signed	7/1/2012	6/30/2015	Gross - Gross	1.55%	23
Harvard	Signed	7/1/2012	6/30/2015	Gross - Gross	1.55%	23
HD Smith	Signed	7/1/2012	6/30/2015	Gross - Gross	1.55%	23
Miami Luken	Signed	7/1/2012	6/30/2015	Gross - Gross	1.55%	23
NC Mutual	Signed	7/1/2012	6/30/2015	Gross - Gross	1.55%	23
Rochester	Signed	7/1/2012	6/30/2015	Gross - Gross	1.55%	23
Smith Drug	Signed	7/1/2012	6/30/2015	Gross - Gross	1.55%	23
Valley Drug	Signed	7/1/2012	6/30/2015	Gross - Gross	1.55%	23
Morris & Dickson	Waiting	?	6/30/2015	Gross - Gross	1.55%	23
Frank W. Kerr	Waiting	?	6/30/2015	Gross - Gross	1.55%	23

**ANNEX – B****Sample SAP Report**

1. Run the SAP report KE5Z in FICO
  - i. Use Variant FFS 2012
  - ii. Change Posting periods (select current quarter)
1. Parameters: Record type =0; Version = 0;Controlliing Area = PURD; Company Code = 999; Fiscal Year = Current Year; Profit Centers = OXY, OXI, OXF, SPF, MSC, UNI, DLD, TRL, ORF, BUP, INT; Accounts = 401000, 401010, 401020, 401030, 401040, 204050, 601010, 610015; Display Variant = /ZFFS
2. Screen shot of parameters:

**Profit Center: Actual Line Items**

⏏ ⚙ ⓘ

Record Type	<input checked="" type="checkbox"/> <input type="checkbox"/>	to	<input type="checkbox"/>
Version	0	to	<input type="checkbox"/>
Controlling Area	PURD	to	<input type="checkbox"/>
Company Code	999	to	<input type="checkbox"/>
Posting Period	7	to	9
Fiscal Year	2012	to	<input type="checkbox"/>
Profit Center	OXY	to	<input type="checkbox"/>
Partner Profit Center		to	<input type="checkbox"/>
Account	401000	to	<input type="checkbox"/>
Debit/Credit Indicator	<input type="checkbox"/>	to	<input type="checkbox"/>
Activity (G/L)	<input type="checkbox"/>	to	<input type="checkbox"/>
Origin Object Type	<input type="checkbox"/>	to	<input type="checkbox"/>
Functional Area		to	<input type="checkbox"/>
Statistical Key Figure	<input type="checkbox"/>	to	<input type="checkbox"/>
Transaction Currency	<input type="checkbox"/>	to	<input type="checkbox"/>
Unit of Measure	<input type="checkbox"/>	to	<input type="checkbox"/>
Document Category	<input type="checkbox"/>	to	<input type="checkbox"/>
Document Number		to	<input type="checkbox"/>
Reference Document Category	<input type="checkbox"/>	to	<input type="checkbox"/>
Reference Document Number		to	<input type="checkbox"/>
Plant	<input type="checkbox"/>	to	<input type="checkbox"/>
Representative Material		to	<input type="checkbox"/>
Object Class	<input type="checkbox"/>	to	<input type="checkbox"/>
<b>Settings</b>			
Display Variant	/ZFFS	Fee For Service	

- iii. Execute the report
- iv. Sample Report:

Ledger	8A
Controlling Area	PURD
Company Code	999
Posting Period	*
Fiscal Year	2012
Version	000

Customer	* D	Ref.Doc.No.	Itm	Period	Profit Center	Partner PC	Account	Acc.Text	Σ	In PCLC Curr.	Material	Σ	Quantity
100486													1,800
100490									* 4,366,270.86- USD			*	9-
													6,142-
													100
													747
100536									* 52,380.95- USD			*	266-
													46
100538									* 34,128.96- USD			*	96-
													10
129942									* 2,499.52- USD			*	14-
131624									* 1,746,480.82- USD			*	3,218-
													2
135266									* 816,106.50- USD			*	1,240-
									* 658,949,7... USD			*	2
													9-
													1,336,592.270-
													102,559.810
													1,379
													582,113

1.

- v. The data is reported in summary by customer. Expand details by selecting the 'two dots' (identified in a red circle in the above screen shot)

Profit Center: Actual Line Items													
Ledger		8A											
Controlling Area		PURD											
Company Code		999											
Posting Period		*											
Fiscal Year		2012											
Version		000											
Customer	D	Ref.Doc.No.	Itm	Period	Profit Center	Partner PC	Account	Acc.Text	Σ	In PCLC Curr.	Material	Σ	Quantity
135266	W	91108409	10	3	BUP		401040	Oth Cre	5,008.50	USD	BUP410		25
135266	W	91108409	20	3	BUP		401040	Oth Cre	6,143.76	USD	BUP405		46
135266	W	91108409	30	3	BUP		401040	Oth Cre	5,320.20	USD	BUP420		15
135266	W	91109696	10	3	ORF		401000	Gross S	4,849.92	USD	OTR110		24
135266	W	91109696	20	3	ORF		401000	Gross S	2,320.08	USD	OTR210		6-
135266	W	91109696	30	3	ORF		401000	Gross S	12,349.98	USD	OTR410		18-
135266	W	91109696	40	3	ORF		401000	Gross S	11,981.04	USD	OTR610		12-
135266	W	91109696	50	3	ORF		401000	Gross S	15,483.00	USD	OTR810		12-
135266	W	91112699	10	3	ORF		401000	Gross S	1,212.48	USD	OTR110		6-
135266	W	91112699	20	3	ORF		401000	Gross S	4,640.16	USD	OTR210		12-
135266	W	91112699	30	3	ORF		401000	Gross S	6,567.72	USD	OTR310		12-
135266	W	91112699	40	3	ORF		401000	Gross S	15,483.00	USD	OTR810		12-
135266									* 816,106.50- USD			*	1,240-
									** 658,949,7... USD			*	2
													9-
													1,336,592.270-
													102,559.810
													1,379
													582,113

1.

- vi. Export the data for calculations into file referred in step 6.4.

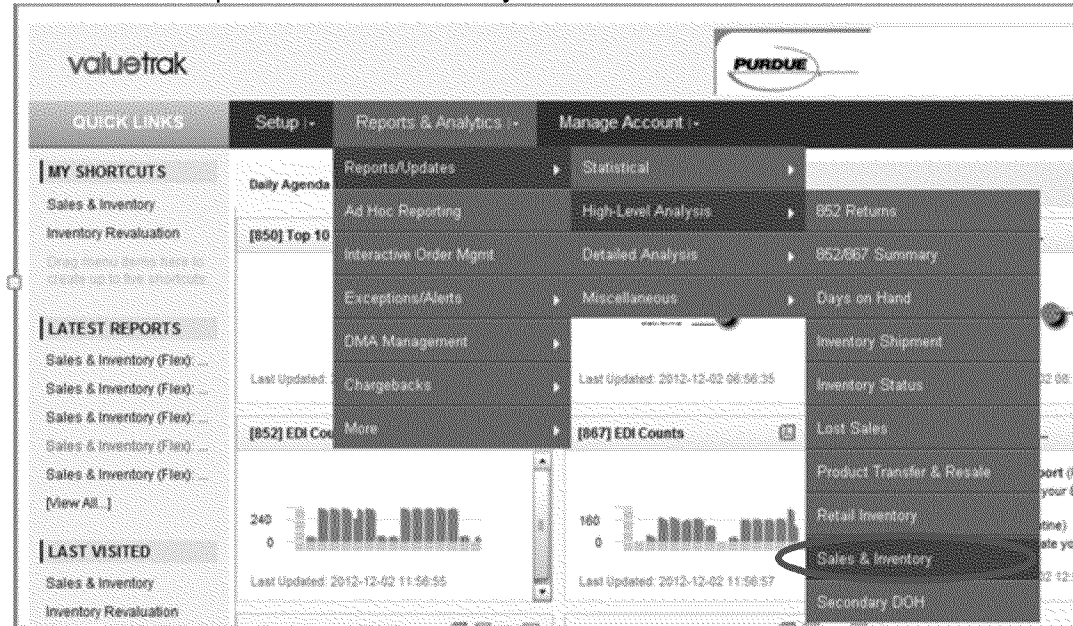


## ANNEX - C

## Sample ValueTrak Reports

**Sales & Inventory:**

1. Select the report "Sales & Inventory "



- a.
  2. Enter following parameters
    - a. Time Frame = Custom
    - b. Start date= Price change date less 30 days
    - c. To Date = Day before the Price change
    - d. Select all Partners
    - e. Select products whose price is changed
    - f. Select "Build Report"

Setup | Reports & Analytics | Manage Account

**Sales & Inventory Summary** SAVED REPORTS

**Reporting Timeframe:**

☐ Daily
 ☐ Weekly
 ☐ Monthly
 ☐ Quarterly
 ☐ Annual
 ☒ Custom

Start Date: 06/03/2012
 End Date: 07/02/2012
 Periods: 1

**Reporting Focus:**
☐ Product
 ☒ Partner
 ☐ Marketwide

**Regions**

- GA
- IN
- KS
- ABBEVILLE, SC
- ACADIA, LA
- ACCOMACK, VA
- ADA, ID

**Partners**

- AMERISOURCEBERGEN DRUG CORP BR
- ANDA, INC
- BELLCO DRUG
- BURLINGTON DRUG
- CAPITAL WHOLESALE DRUG
- CARDINAL BROKERAGE
- CARDINAL HEALTH - NLC

**Products**

Product	SKU	Description
BUP405	5901175004	BUTRANS 5 MCG/HOUR TDS 4S
BUP410	5901175104	BUTRANS 10MCG/HOUR TDS 4S
BUP420	5901175204	BUTRANS 20MCG/HOUR TDS 4S
DIHP11	59011044501	DILAUDID HP 10 MG/ML 1ML AMPULE
DIHP15	59011044505	DILAUDID HP 10 MG/ML 5ML AMPULE
DIHP25	59011044625	DILAUDID HP 250MG VIAL LYOPHILIZED
DIHP50	59011044550	DILAUDID HP 10 MG/ML 50ML VIAL
DIL210	59011045210	DILAUDID 2 MG TABLETS 100S
DIL410	59011045410	DILAUDID 4 MG TABLETS 100S
DIL450	59011045405	DILAUDID 4 MG TABLETS 500S

9.

3. From the report generated, select excel icon to export into excel format

Flex Sales & Inventory Summary - Purdue Pharma - December 2, 2012 1:07 PM - Windows Internet Explorer provided by PPLP

**valuetrak**

Results Advanced Charting Query Time: DECEMBER 02, 2012 01:07 PM Save Save As

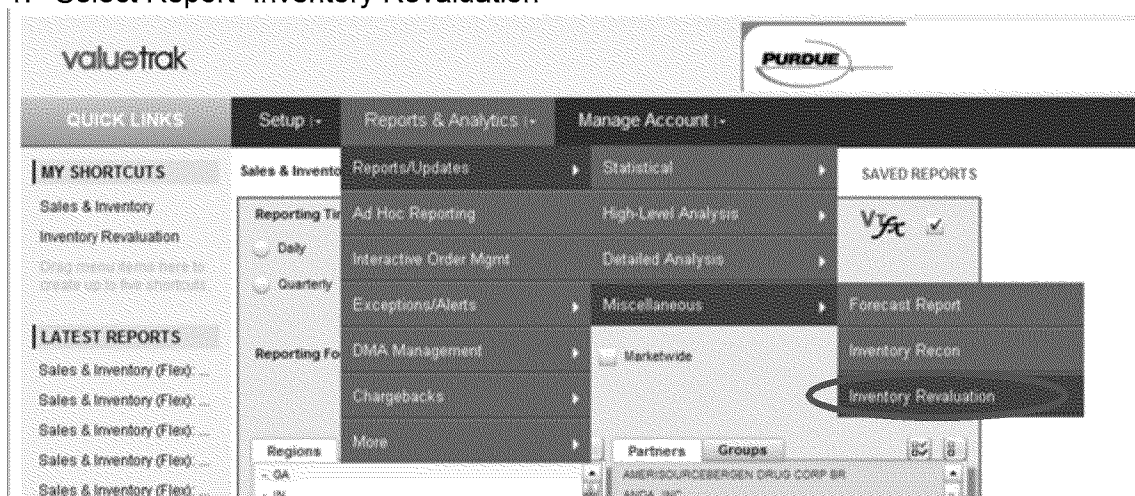
06/03/2012-07/02/2012 Search Results Trading Partner Search Clear

HEADER	Ending Inventory			Ending On Order			Sales	
	Units	Dollars	Cons. Units	Units	Dollars	Cons. Units	Units	Dollars
GRAND TOTAL	4,240.00	\$552,697.04	272,880.00	558.00	\$77,583.95	47,700.00	4,404.00	\$592,610.00
AMERISOURCEBERGEN DRUG CORP BR	1,196.00	\$168,970.74	93,280.00	282.00	\$39,587.88	25,500.00	1,250.00	\$178,510.00
DILP50 - 59011044550 [DILAUDID HP 10 MG/ML 500]	296.00	\$67,781.44	2,960.00	30.00	\$5,854.20	300.00	244.00	\$47,600.00
DIL210 - 59011045210 [DILAUDID 2 MG TABLETS 10]	228.00	\$18,880.04	22,600.00	12.00	\$1,002.48	1,200.00	118.00	\$9,600.00
DIL410 - 59011045410 [DILAUDID 4 MG TABLETS 10]	677.00	\$56,328.25	87,700.00	240.00	\$32,731.20	24,000.00	388.00	\$121,000.00
ANDA, INC	89.00	\$7,495.68	6,000.00	0.00	\$0.00	0.00	11.00	\$1,100.00
DILP50 - 59011044550 [DILAUDID HP 10 MG/ML 500]	0.00	\$0.00	0.00	0.00	\$0.00	0.00	0.00	\$0.00
DIL210 - 59011045210 [DILAUDID 2 MG TABLETS 10]	13.00	\$1,088.02	1,300.00	0.00	\$0.00	0.00	1.00	\$100.00
DIL410 - 59011045410 [DILAUDID 4 MG TABLETS 10]	47.00	\$6,409.86	4,700.00	0.00	\$0.00	0.00	10.00	\$1,100.00
SELL CO DRUG	61.00	\$4,155.34	5,100.00	17.00	\$1,154.66	1,200.00	65.00	\$7,700.00

4. Copy the data as referred in step 6.4.1

### Inventory Revaluation:

1. Select Report "Inventory Revaluation"



a.

2. Select following parameters

- Time Frame = Custom
- Start date= Price change date less 30 days
- To Date = Day before the Price change
- Select all Partners
- Select products whose price is changed
- Select "Build Report"



INVENTORY REVALUATION  
PURDUE PHARMADecember 02, 2012 1:18 PM  
SAVED REPORTS

**REPORTING TIMEFRAME**

REPORT START DATE: 06/03/2012

REPORT END DATE: 07/02/2012

REPORTING FOCUS: ☐ Product/Product Group ☒ Trading Partner

**REGION** [select all] [clear all]  
National National

**PARTNERS / GROUPS** [select all] [clear all]  
AMERISOURCEBERGEN DRUG CORP BR  
ANDA, INC  
BELLCO DRUG  
BURLINGTON DRUG  
CAPITAL WHOLESALE DRUG  
CARDINAL BROKERAGE  
CARDINAL HEALTH - NLC

**PRODUCTS / PRODUCT GROUPS** [select all] [clear all]

5901175004	BUP405 [BUTRANS 5 MCG/HOUR TDS 4S]
5901175104	BUP410 [BUTRANS 10MCG/HOUR TDS 4S]
5901175204	BUP420 [BUTRANS 20MCG/HOUR TDS 4S]
59011044501	DIHP11 [DILAUDID HP 10 MG/ML 1ML AMPULE]
59011044505	DIHP15 [DILAUDID HP 10 MG/ML 5ML AMPULE]
59011044625	DIHP25 [DILAUDID HP 250MG VIAL LYOPHILIZED PWDR]
59011044550	DIHP50 [DILAUDID HP 10 MG/ML 50ML VIAL]
59011045210	DIL210 [DILAUDID 2 MG TABLETS 100S]
59011045410	DIL410 [DILAUDID 4 MG TABLETS 100S]
59011045405	DIL450 [DILAUDID 4 MG TABLETS 500S]
59011045810	DIL810 [DILAUDID 8 MG TABLETS 100S]
59011045201	DILB21 [DILAUDID 2 MG TABLETS HUD]
59011045401	DILB41 [DILAUDID 4 MG TABLETS HUD]

CLEAR SELECTIONS **brm BUILD REPORT**

g.

3. From the report generated, select excel icon to export into excel format
4. Copy the data as referred in step 6.4.2

**ANNEX – D****Sample Scorecard****McKesson Corporation**3Q 2012  
7/1/2012 - 9/30/2012

Gross Invoiced Purchases	July	August	September	3rd Quarter
Butrans	\$3,608,916.48	\$6,669,949.92	\$2,620,319.52	\$12,899,185.92
Dilaudid	\$637,239.88	\$643,360.54	\$810,151.04	\$2,090,751.46
Intermezzo	\$6,966.00	\$95,202.00	\$116,100.00	\$218,268.00
MS Contin	\$378,775.92	\$503,793.36	\$208,245.84	\$1,090,815.12
OxyContin	\$67,655,964.48	\$85,175,500.20	\$63,669,137.40	\$216,500,602.08

Service Level	Achievement	Adjusted Achievement	Earned %	Earned Fee
Butrans	96.01%	96.01%	0.81%	\$104,483.41
Dilaudid	79.54%	100.00%	0.81%	\$16,935.09
Intermezzo	96.46%	96.46%	0.81%	\$1,767.97
MS Contin	89.30%	89.30%	0.81%	\$8,835.60
OxyContin	99.22%	99.22%	0.81%	\$1,753,654.88

Effective Inventory Level	July	Earned %	August	Earned %	September	Earned %	Fee Earned
Butrans	21.87	0.51%	32.43	0.51%	30.11	0.51%	\$65,785.85
Dilaudid	12.85	0.51%	31.50	0.51%	31.61	0.51%	\$10,662.83
Intermezzo	306.25	0.51%	228.69	0.51%	187.94	0.51%	\$1,113.17
MS Contin	47.93	0.51%	61.40	0.51%	55.60	0.51%	\$5,563.16
OxyContin	33.13	0.51%	37.09	0.51%	30.61	0.51%	\$1,104,153.07

Purchase Variability	Weeks Achieved	Adjusted Achievement	Earned %	Fee Earned
Butrans	5	13	0.51%	\$65,785.85
Dilaudid	5	13	0.51%	\$10,662.83
Intermezzo	5	13	0.51%	\$1,113.17
MS Contin	5	13	0.51%	\$5,563.16
OxyContin	5	13	0.51%	\$1,104,153.07

EDI 852/867 Reconciliation	Achievement	Adjusted Achievement	Earned %	Actual Fee
Butrans	0.01%	0.01%	0.20%	\$25,798.37
Dilaudid	0.14%	0.14%	0.20%	\$4,181.50
Intermezzo	0.02%	0.02%	0.20%	\$436.54
MS Contin	0.00%	0.00%	0.20%	\$2,181.63
OxyContin	0.01%	0.01%	0.20%	\$433,001.20

Data Reporting Fee	Missing Products	Missing DCs	Late Transmission	Missing Elements	Duplicates
Occurrences	0	0	0	0	0

	Gross Invoiced Purchases	Fee Earned	Gross Payment Base	Excess Inv. Appreciation	Adjusted Payment Base
Butrans	\$12,899,185.92	2.03%	\$261,853.47	\$0.00	\$261,853.47
Dilaudid	\$2,090,751.46	2.03%	\$42,442.25	\$4,928.47	\$37,513.79
Intermezzo	\$218,268.00	2.03%	\$4,430.84	\$0.00	\$4,430.84
MS Contin	\$1,090,815.12	2.03%	\$22,143.55	\$0.00	\$22,143.55
OxyContin	\$216,500,602.08	2.03%	\$4,394,962.22	\$0.00	\$4,394,962.22
All Products	\$232,799,622.58	2.03%	\$4,725,832.34	\$4,928.47	\$4,720,903.87

<b>DPA Payment:</b>	
Adjusted Payment Base	\$4,720,903.87
Data Reporting Fee	\$0.00
Unauthorized Deductions	\$0.00
<b>DPA Payment</b>	<b>\$4,720,903.87</b>

**ANNEX - E**

**CREDIT MEMO PACKAGE**



3Q12 Credit Memo  
Package

DRAFT

**ANNEX - F**

**PRODUCT PRICE INCREASE MEMO**



Product Price  
Increase 11.1.12

DRAFT